



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

CoBiz Financial Inc.; CoBiz Bank

Person to be contacted regarding this report:	Lyne Andrich
CPP Funds Received:	\$64,450,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	12/19/2008
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1060328
Holding Company Docket Number: (For Thrift Holding Companies)	N/A
FDIC Certificate Number: (For Depository Institutions)	22683
City:	Denver
State:	Colorado

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	It has been a challenging business environment, and we continually strive to balance the needs and expectations of our customers, shareholders, employees and communities. We take our responsibilities to, and partnerships with, each of these very seriously, (continued below)
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<input type="checkbox"/>	<p>To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).</p>	
<input checked="" type="checkbox"/>	<p>Increase securities purchased (ABS, MBS, etc.).</p>	<p>The Company's goal is to deploy the CPP funds into more profitable loans held for investment. While Investment Securities increased by \$45.5 million in 2009, the Company attributes most of the increase to a significant increase in core customer funding, coupled with weak loan demand.</p>
<input type="checkbox"/>	<p>Make other investments</p>	
<input checked="" type="checkbox"/>	<p>Increase reserves for non-performing assets</p>	<p>The Company believes that higher capital levels allows us to navigate uncertain economic conditions with more confidence and improves our ability to withstand losses; however CPP has not changed our methodology in indentifying impaired loans, or recording appropriate reserves.</p>

✕	Reduce borrowings	A portion of the CPP funds (\$9.1 million) were immediately used to pay-down an outstanding balance on the Company's revolving line of credit with US Bank. The remaining cash was placed on deposit with our bank subsidiary, and became part of its fungible funding base used for its overall
✕	Increase charge-offs	Although the Company believes that higher capital levels allows us to navigate uncertain economic conditions with more confidence and improves our ability to withstand losses, receipt of the funds has not changed our methodology or practice in recognizing losses.
✕	Purchase another financial institution or purchase assets from another financial institution	None of the proceeds from CPP were used to purchase another financial institution or assets from another financial institution.
✕	Held as non-leveraged increase to total capital	Given the lack of loan demand, the CPP capital ultimately was a non-leveraged increase to total capital in 2009.

What actions were you able to avoid because of the capital infusion of CPP funds?

Receipt of the CPP capital, along with our ability to raise capital on two other separate offerings during the last 18 months built our capital levels to the highest in our Company's history. At the end of 2009, our Tier 1 Capital ratio 13.81% and Total Capital ratio was 16.13%, both of which are well in excess of what is considered to be "well capitalized" by our regulators.

Our ability to raise capital served as an important signal of strength to the community and a clear indication of how outsiders view the viability of our Company. We believe that it has helped us retain core deposits, as well as attract new relationships. Core customer funding increased by \$392.4 million during 2009. This has improved the bank's liquidity and allowed us to avoid reliance on wholesale funding sources.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

continued from Box 1 above:

...and will continue to focus on cautious growth while playing a role in the return to economic vitality in our markets. We accepted the CPP funds to further bolster our capital position, to support the organic growth of our bank subsidiary, primarily loan growth.

However, given the macro economic situation, we continued to see decreasing loan demand from qualified borrowers as cautious business owners waited for reassurance that the recession was truly over. Our clients have postponed expansion opportunities, drawing down inventory rather than investing in new inventory and, generally, operating off their existing cash flow rather than seeking new credit.

The result was a decrease in loans outstanding during 2009 of \$248.6 million. The decline was driven by a high level of maturities, pay-downs and charge-offs. However, we are lending: in 2009 we extended \$624.6 million in credit, including \$237.8 million to new relationships.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

During 2009, the Company completed an underwritten public offering of common stock, increasing the original size of the offering to accommodate the level of interest. Including the Underwriters over-allotment option, the Company ultimately raised \$59.4 million of additional common equity, gross of transaction expenses.

The Company believes the offering was well-received by institutional investors, in part, due to its participation in the CPP program and the confidence in, and relative strength of CoBiz it signaled to the market place.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.